

ORIGINAL



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TACNA WATER MANAGEMENT COMPANY  
4743 E 30<sup>TH</sup> PLACE  
YUMA, AZ 85365  
928.341.9685

RECEIVED

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AZ CORP COMMISSION  
DOCKET CONTROL

ARIZONA CORPORATION COMMISSION  
DOCKET CONTROL  
1200 W WASHINGTON ST  
PHOENIX, AZ 85007

November 23, 2015

RE: DOCKET NO W-01344A-13-0032 / DECISION NO 73932

ATTACHED ARE TWO STATUS UPDATES FOR TACNA WATER MANAGEMENT COMPANY. PER ACC STAFF, CARMEL HOOD, THE STATUS REPORT HAS BEEN ISSUED FOR TWO TIME PERIODS. FIRST BEING, APRIL 11, 2013 THROUGH DECEMBER 31, 2013. SECOND BEING, JANUARY 2, 2014 TO NOVEMBER 19, 2015.

THANK YOU,

DAWN SIMPSON  
TACNA WATER MANAGEMENT COMPANY

Arizona Corporation Commission  
DOCKETED

NOV 24 2015

DOCKETED BY	Btu
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November 19<sup>th</sup> 2015

RE: DOCKET NO W-01344A-13-0032 / DECISION NO 73932  
STATUS UPDATE APRIL 11, 2013 THROUGH DECEMBER 31, 2013

SUNSTATE ENVIRONMENTAL TOOK OVER FINANCIAL MANAGEMENT OF TACNA WATER MANAGEMENT COMPANY IN FEBRUARY 2013. PRIOR FINANCIAL RECORDS WERE RETAINED BY OWNER MR. DON KELLAND AND SON, STEVE KELLAND. SUNSTATE ENVIRONMENTAL ASSESSED AN AUDIT OF ACCOUNTS PAYABLE, ACCOUNTS RECEIVABLE AND ACCESSABLE WORKING FUNDS.

UPON THE COMPLETION OF THE AUDIT, SUNSTATE ENVIRONMENTAL PRIORITIZED PAST DEBT AND ESTABLISHED PAYMENT DETAIL WITH VENDORS. BASED ON A JUDGEMENT AGAINST TACNA WATER COMPANY, THE FIRST PRIORITY WAS TO PAY OFF JAMES DAVEY & ASSOCIATES. PAYMENTS IN VARIOUS PROPORTIONS WERE MADE AS FUNDS WERE AVAILABLE.

THE CONTRACT WITH WELLTON-MOHAWK IRRIGATION DISTRICT WAS SUSPENDED DUE TO THE LACK OF PAYMENT. AS OF APRIL 2013 SMALL PAYMENTS WERE MADE TO RE-ESTABLISH THE OPTION OF RECEIPT OF CANAL WATER. THE CERTIFIED OPERATOR FOR SES HAS INDICATED THERE IS NO PUMP AT THE TACNA WELL SITE TO UTILIZE THE SURFACE WATER FOR CUSTOMER DISTRIBUTION.

IN APRIL 2013, NANCY MILLER NOTIFIED TACNA WATER MANAGEMENT CUSTOMERS THAT THEY WILL BE SERVICING TACNA WATER UNDER THE GUIDELINES OF THE CORPORATION COMMISSION.

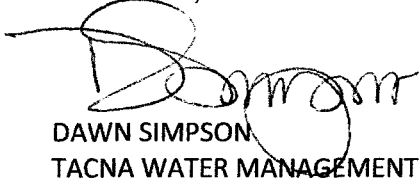
IN JUNE 2013, NANCY MILLER NOTIFIED TACNA WATER CUSTOMERS THAT THE ACC HAS APPROVED AN EMERGENCY RATE INCREASE EFFECTIVE JULY 1<sup>ST</sup> 2013. DUE TO THE INCREASE 3 COMMERCIAL CUSTOMERS HAVE CLOSED THEIR DOORS EITHER UNWILLING OR UNABLE TO PAY THE INCREASE.

TACNA WATER CUSTOMERS STRUGGLE TO MAINTAIN CONSISTENT MONTHLY PAYMENTS, THEREFOR SES CANNOT BUDGET A CONSISTENT MONTHLY INCOME. DUE TO THE INCONSISTENCY, TACNA WATER MANAGEMENT COMPANY STRAINS TO MEET THE MONTHLY DEBT OBLIGATION. SES HAS MADE EFFORTS TO CONTACT THE OWNER, MR. DON KELLAND, TO SEE IF THERE IS ANOTHER REMEDY, IE; SELLING/DONATING THE SYSTEM TO THE TOWN, TO NO AVAIL.

SEVERAL LINE BREAKS AND SYSTEM FAILURES CONTINUE TO BE A MONTHLY REOCCURANCE. LACK OF FUNDING CONSTRICTS ANY MAJOR REPAIRS. THE OPERATOR FOR TACNA WATER COMPANY HAS STARTED CHANGING CUSTOMER RESIDENTIAL METERS AS FUNDING ALLOWS. IN ADDITION, THE

OPERATOR FOR TACNA WATER COMPANY IS UNABLE TO LOCATE NUMEROUS METERS DUE TO WEEDS,  
DIRT AND INCONSISTENT METER LAYOUT.

THANK YOU,

A handwritten signature in black ink, appearing to read "Dawn Simpson", is written over the printed name and company name.

DAWN SIMPSON  
TACNA WATER MANAGEMENT COMPANY

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STATUS UPDATE JANUARY 1, 2014 THROUGH NOVEMBER 19, 2015

SUNSTATE ENVIRONMENTAL CONTINUES TO MAKE PAYMENTS TO PAST DUE VENDORS ON BEHALF OF TACNA WATER MANAGEMENT COMPANY. IN ADDITION, SES ALSO MAINTAINS MONTHLY EXPENSES WITH THE USE OF TACNA WATER MANAGEMENT COMPANY'S MONTHLY INCOME. TO DATE, SHUCK DRILLING HAS BEEN PAID IN FULL, ALL PROPERTY TAXES HAVE BEEN BROUGHT CURRENT, AND ALL SALES TAX IS FILED AND PAID CURRENT. TO DATE, THE ONLY OUTSTANDING PAST DUE VENDOR IS SUNSTATE ENVIRONMENTAL SERVICES (\$35,595.24) AND JAMES DAVEY & ASSOCIATES (\$13,798.20).

THE OPERATOR FOR TACNA WATER COMPANY CONTINUES TO MAKE SMALL, AFFORDABLE REPAIRS TO VARIOUS SECTIONS OF TACNA'S WATER SYSTEM. BASED ON THE ENGINEERS REPORT CREATED AND SUBMITTED BY KUV CONSULTANT, LLC. THE TACNA WATER MANAGEMENT SYSTEM IS IN GREAT DISSARAY. THE ITEMS MENTIONED IN THE REPORT, SUCH AS RUSTED HOLDING TANK, NON WORKING PRESSURE TANK, FAULTY ELECTRICAL PANEL, AND INSUFFICIENT SURFACE WATER FILTRATION AND CHLORINATION SYSTEM ALL REQUIRE FINANCIAL MEANS BEYOND THE CAPACITY OF TACNA WATER MANAGEMENT COMPANY.

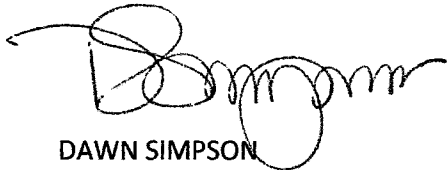
WELL SITE CLEAN UP IS UNDERWAY AND CONTINUES ON A MONTHLY BASIS WITH THE HELP OF KEVIN SOSSAMAN. CUSTOMER METER CHANGE-OUTS CONTINUE TO BE DONE AS DEEMED NECESSARY. IN JULY OF 2015, 10 FOOT OF 3 INCH PVC WAS REPLACED ON THE MAIN LINE. ALSO IN JULY OF 2015, 6 FOOT OF 3 INCH PVC WAS REPLACED IN A SEPARATE PART OF THE MAIN LINE. IN OCTOBER OF 2015, A POLICE REPORT WAS FILED AND 3 RESIDENTIAL METERS HAD TO BE REPLACED DUE TO VANDALISM. A WELLHEAD MASTER METER WAS INSTALLED ON TACNA'S NORTH AND SOUTH WELL ON OCTOBER 15<sup>th</sup>, 2015. ALSO IN OCTOBER, 12 FOOT OF 2 INCH PVC MAIN LINE WAS REPLACED.

ON JUNE 2<sup>nd</sup>, 2015 DAWN SIMPSON FROM SES SUBMITTED A RATE CASE APPLICATION FOR TACNA WATER COMPANY. THE APPLICATION REQUESTED THAT RATES REMAIN THE SAME AS THE EMERGENCY RATES SET FORTH BY THE ACC ON JULY 1<sup>st</sup>, 2013. TO DATE APPLICATION IS STILL IN REVIEW WITH ACC STAFF. TO FULFILL COMPLIANCE, DAWN SIMPSON BROUGHT TACNA WATER COMPANY CURRENT WITH ALL ADWR REPORTING.

DUE TO THE EMERGENCY RATE INCREASE SET FORTH ON JULY 1<sup>ST</sup>, 2013, TACNA WATER MANAGEMENT COMPANY HAS BEEN ABLE TO SUFFICIENTLY MAINTAIN MONTHLY EXPENSES. IN ADDITION TACNA WATER COMPANY HAS BEEN ABLE TO MAINTAIN A POSITIVE VARIANCE IN THEIR GENERAL OPERATING BANK ACCOUNT. HOWEVER, IF TACNA WATER COMPANY WERE TO DRAW CLOSER TO PAYING PAST DUE VENDORS IN FULL, THERE WOULD BE NO ADDITIONAL MONEY TO SPEAK OF. FUNDS ARE DISTRIBUTED TO PAST DUE VENDORS IN MINUTE AMOUNTS IN ORDER TO MAINTAIN GOOD STANDING; BUT ARE KEPT RESERVED TO ALLOW TACNA TO RETAIN A SMALL EMERGENCY FUND.

IN ADDITION TO THE GENERAL OPERATING BANK ACCOUNT TACNA WATER COMPANY ALSO HAS A RESERVE ACCOUNT DESIGNATED FOR CUSTOMER PAYMENTS THAT WERE TO BE APPLIED TO A FORGIVEN WIFA LOAN AS ORDERED BY THE ACC. THIS ACCOUNT MAINTAINS A BALANCE OF \$2,886.04 AS OF OCTOBER 31<sup>ST</sup>, 2015. A SMALL (LITERALLY, PENNIES) INTEREST PAYMENT IS EARNED ON THE ACCOUNT MONTHLY.

THANK YOU,

A handwritten signature in black ink, appearing to read 'Dawn Simpson', with a large, stylized initial 'D'.

DAWN SIMPSON  
TACNA WATER MANAGEMENT COMPANY